

Federal Communications Commission
Public Hearing

"Overcoming Obstacles to the Telephone Service for Indians on Reservations"

Presentation Made by Francis Mike
Representing the New Mexico Telephone Association
and
Navajo Communications Company

Albuquerque, New Mexico
January 29, 1999

Good Morning, my name is Francis Mike. I am the External Affairs Manager for Navajo Communications Company.

Navajo Communications Company (NCC) is a wholly owned and publicly traded subsidiary of Citizens Utility Company. NCC provides telephone service on the Navajo Nation in New Mexico, Arizona and Utah. Citizens also provides telephone service to the White Mountain Apache Reservation and the Hualapai Indian Reservation in Arizona. Citizens' NCCSI subsidiary provides CATV and Two-Way Radio services within the Navajo service area and CATV services to the Pueblo of Zuni.

The following information discussed here pertains primarily to telecommunications service to customers living on the Navajo Nation, spread across 26,000 square miles in three states.

Prior to 1969, the Bureau of Indian Affairs (BIA) operated the telephone system on the Navajo Nation; this was primarily for its facilities and its employees. At that time, the BIA had 13 exchanges with no toll facilities located on the Nation. In 1969, the BIA sold the telephone system on behalf of the Navajo Nation to GSTC. The Navajo Nation retained 20% ownership in the company. In 1981, the Navajo Nation sold its 20% ownership to CP National who acquired NCC. In 1986, ALLTEL acquired NCC and NCC Systems, Inc. Citizens acquired NCC in 1995.

NCC provides communications service to 21948 customers. The penetration rate is approximately 22.5%. This is based on the Navajo Nation profile dated Spring 1995.

- NCC has 1 toll center, 39 exchanges (12 in New Mexico, 24 in Arizona and 3 in Utah).
- 7 communities represent 70% of the total Access Lines.
- 51% of the Access Lines serve residential customers and 49% business customers.
- NCC currently serves 438 lifeline customers.
- The average residential service rate is \$15.43.
- The average loop cost per access line to serve the Navajo reservation is \$555.01.
- NCC received \$4.25M in Federal USF support in 1998, which represents 14.3% of its revenue stream. (New Mexico \$1,605,864, Arizona \$2,457,276 and Utah \$186,324.
- NCC has a total of 139 employees of which, 94% are Native Americans.

NCC's central offices switches and the inter-exchange network are 100% digital with 630 miles of aerial cable and 870 miles of buried cable, of which 121 is fiber optics. The network is made up of twenty-one microwave repeaters, 10 OPAC and 51 digital sub-carriers and 29 sub-carriers and 3 BETRS radio systems.

NCC offers customers call-forwarding, call waiting, message center and conference calling services. IntraLATA equal access was made available in 1998. The company has installed a frame relay switch in St. Michaels Office. Currently, NCC is finalizing processes to provide frame relay services. When this project is complete, frame relay service will be available to schools and other customers on the Nation. Frame Relay service is currently being provided through a resale arrangement to the Indian Health Services and a limited number of schools. Over the next few months, these customers will be transitioned to the new switch.

Our administrative headquarters is located in St. Michaels, Arizona and houses a Toll Center, Operator Services, Call Center, Engineering Department, and NCCSI (CATV & Two-Way Radio operations.) NCC has 4 district offices located in Tuba City, Chinle, Fort Defiance, Arizona and Shiprock, New Mexico.

Major obstacles to providing service on the Navajo Nation include a very large land base coupled with three state jurisdictions, dual taxation and a long, difficult and expensive Bureau of Indian Affairs and The Navajo Nation right-of-way processes.

In particular, during the last two years The Navajo Nation quoted NCC exorbitant fees for right-of-way acquisition (see attachments).

As a result NCC uses radio systems to help mitigate the high cost of right-of-way acquisitions and to serve more remote areas.

The recent Federal Communication Commission (FCC) ruling awarded 450 MHz to the paging industry which took away NCC's ability to serve more remote customers using that band width. NCC is experimenting with an alternative BETRS radio (150 MHz) which does not provide the same quality or coverage the 450 MHz Band did. The FCC needs to look at allocating frequencies suitable for telecommunication companies to provide service on a wireless base.

In conclusion, I would like to thank the FCC for looking at a situation that has been long overdue. Through various hearings and collaborations between FCC, various regulators, and native tribes, I believe progress can be made in streamlining processes to increase the penetration of telephone service to native lands throughout the United States.

PCMA-39-96

RESOLUTION
OF THE RESOURCES COMMITTEE
OF THE NAVAJO NATION COUNCIL

Approving the Grant of a Right-of-Way to Navajo Communications Co., Inc., a New Mexico Corporation, for Placement of a Buried Fiber Optic Telephone and Communications Line to Serve Individual Customers Along BIA Route N-9 from Twin Lakes (McKinley County), New Mexico to Crownpoint (McKinley County), New Mexico, Navajo Nation

WHEREAS:

1. Pursuant to 2 N.T.C. § 695 (b) (2), the Resources Committee of the Navajo Nation Council has been delegated the authority to give final approval of rights-of-way on Navajo lands in accordance with applicable federal and Navajo Nation laws; and
2. Navajo Communications Co., Inc. (NCC), a New Mexico corporation, of P.O. Drawer 6000, Window Rock, Arizona 86515, has submitted a right-of-way application, attached hereto and made a part hereof as Exhibit "A", for the replacement of a buried fiber optic telephone and communications line to serve individual customers along BIA Route N-9 from Twin Lakes (McKinley County), New Mexico to Crownpoint (McKinley County), New Mexico, Navajo Nation; and
3. The proposed right-of-way on Navajo Tribal Trust Lands is 184,220.52 feet in length (34.8901 miles), 10 feet in width and consists of approximately 42.2910 acres, more or less, within portions of Townships 17 and 18 North, Ranges 12, 13, 14, 15, 16, 17, and 18 West, New Mexico Principle Meridian, McKinley County, New Mexico. The location is more particularly described on the attached maps and Centerline Legal Description attached hereto and made a part hereof as Exhibit "B"; and
4. The Project Review Office with the Division of Natural Resources has received the initial \$500.00 in filing/processing and field clearance fees plus additional clearance fee of \$200.00 and has obtained the consents from the affected land users (grazing permittees), attached hereto as Exhibit "C"; and
5. NCC has obtained the appropriate consents for crossing company's pipeline and easements from the affected highway departments, companies, allottees, chapters, etc., and has received copies of all environmental and archaeological studies and appropriate clearances, which are contained in Exhibit "A"; and
6. Waiver of damages is specifically not exempt and the grantee shall be responsible for and promptly pay all such damages when they are sustained; and

7. It is in the best interest of the Navajo Nation and NCC that the proposed right-of-way for NCC be approved as it will allow:

- a. NCC to provide enhanced 911 service to its subscribers in the Crownpoint area;
- b. NCC to provide telecommunication services to five (5) currently unserved communities that have requested service;
- c. NCC to provide the infrastructure to support advanced telecommunication and data services for the Crownpoint area;
- d. NCC to utilize the Crownpoint areas as a point of connection for improved service and enhanced 911 for areas east of Crownpoint such as Torreon, Pueblo Pintado and Star Lake;
- e. Individual person and community access to emergency services; and
- f. The right-of-way will enhance NCC's business on the Navajo Nation.

8. Navajo Communications Company intends to fully comply with the right-of-way procedures, policies, rules and regulations, and to pursue the permanent right-of-way diligently and in a timely manner.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Resources Committee of the Navajo Nation Council hereby approves the grant of a right-of-way consisting of 42.2910 acres, more or less, to Navajo Communications Co., Inc., a New Mexico corporation, over Navajo Nation lands, more particularly described in Exhibit "B" attached hereto, for the construction, operation and maintenance of the buried fiber optic telephone and communications line to serve individual customers along BIA Route N-9 from Twin Lakes (McKinley County), New Mexico to Crownpoint (McKinley County), New Mexico, Navajo Nation.

2. The Resources Committee of the Navajo Nation Council approves the grant of the right-of-way subject to, but not limited to, the following terms and conditions:

- a. The term of the right-of-way shall be for twenty (20) years.
- b. The minimum consideration assessed for a twenty (20) year term is \$949,014.80 and shall be paid to the Navajo Nation within five (5) days of approval of the right-of-way by the Navajo Nation.

SENT BY:NAV NAT LEGISLATIVE BR: 3-19-97 :11:29AM :

PROPOSED RESOLUTION OF
THE RESOURCES COMMITTEE OF
THE NAVAJO NATION COUNCIL

Approving an Amendment to Resources Committee Resolution No. RCJY-139-96

WHEREAS:

1. Pursuant to 2 NNC § 695 (b)(2), the Resources Committee of the Navajo Nation Council has the authority to give final approval of sand and gravel permits in accordance with applicable Federal and Navajo Nation laws including approval of royalty rates and bonding rates of such permits; and

2. By Resolution No. RCJY-139-96, the Resources Committee approved an amendment to the grant of right-of-way to Navajo Communication Company approved by the Resources Committee Resolution No. RCMA-39-96. Resolution No. RCJY-139-96 is attached hereto as Exhibit 'A'; and

3. The right-of-way is for the buried fiber optic telephone and communications line to serve: Residential customers, BIA communications, Navajo tribal facilities, schools, academic facilities, commercial customers, hospitals, police and emergency facilities. The Resources Committee is informed that should NCC be assessed more than the standard cost of the right-of-way per rod, NCC will pass the cost to its customers. Thus, NCC telephone customers will paid the consideration fee; and

4. All environmental and archaeological studies and consents from the affected land users have been obtained and have received appropriate clearances for the proposed right-of-way. The Project Review Office with the Division of Natural Resources and the BIA have on file pertinent documents pertaining to archaeological and environmental assessment and related field clearances for the project; and

5. It is in the best interest of the Navajo Nation to amend Resolution No. RCJY-139-96 to serve residential customers, BIA communications, Navajo tribal facilities, schools, academic facilities, commercial customers, hospitals, police and emergency facilities.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Resources Committee of the Navajo Nation Council hereby approves an amendment to the Resources Committee Resolution No. RCJY-139-96 as follows:

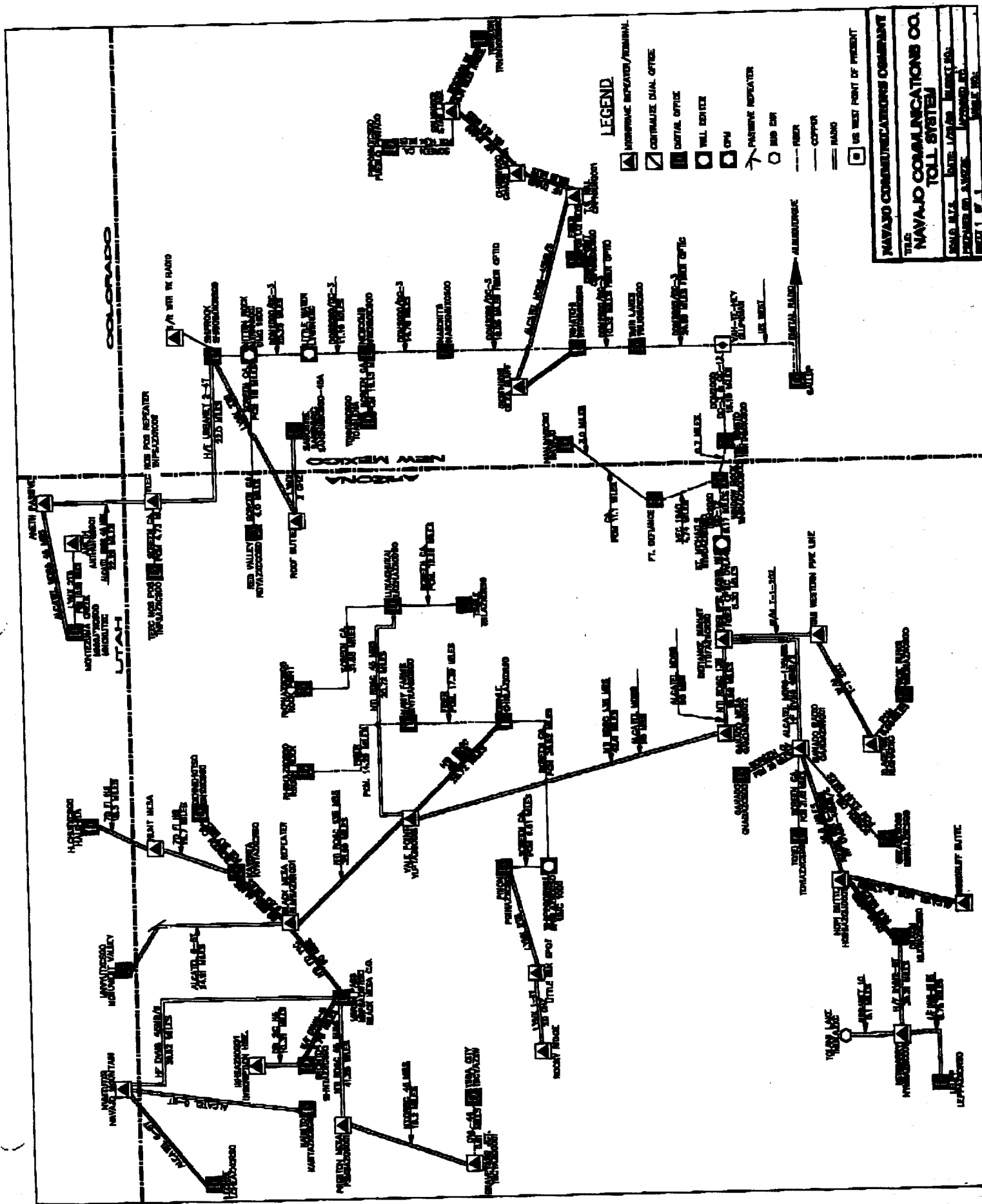
- 78148
- a. The minimum consideration assessed by the Navajo Nation at \$7.00 per rod for 11,164.88 rods shall be contributed by the Navajo Nation.
 - b. All other terms and conditions shall be governed by Resolution No. RCJY-139-96 and Resolution No. RCMA-39-96

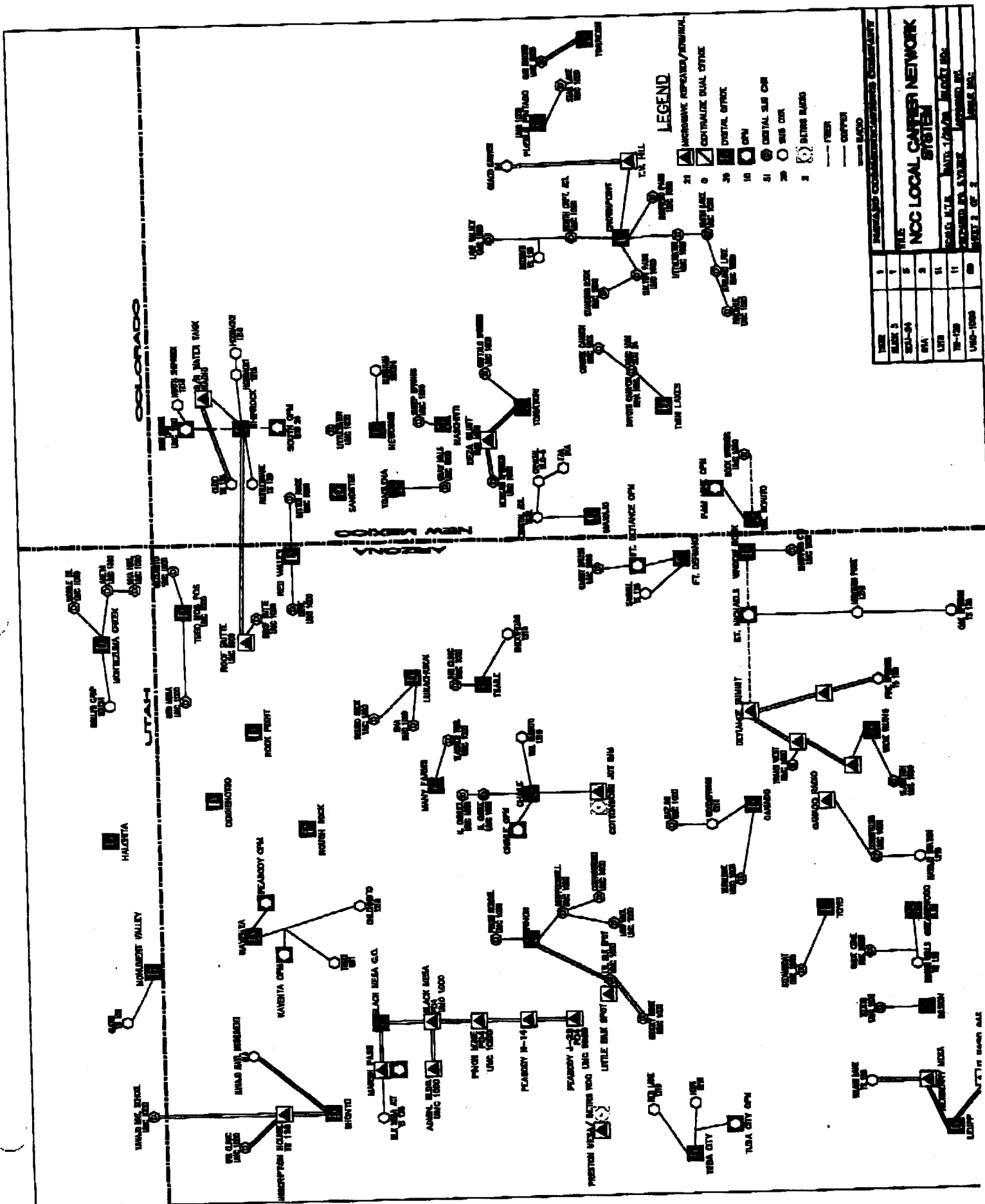
2. The Resources Committee of the Navajo Nation Council hereby authorizes the President of the Navajo Nation to execute any and all documents necessary to effect the amendment of RCJY-139-96 and hereby requests the BIA NAO to approve the right-of-way application for the Navajo Communication Co., Inc., reflecting the intent and amendment of RCJY-139-96.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Resources Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of ___ in favor, and ___ opposed this ___ day of ___, 1997.

Elmer L. Milford, Chairperson
Resources Committee





Background Information

Francis Mike Navajo Communications Company

Francis Mike, a native of Kayenta, Arizona (Navajo Reservation) attended Eastern Arizona College in Thatcher, Arizona from 1967 - 1969. He then completed a tour with the US Army as a Specialist 5th Class in ground radar surveillance. He completed his undergraduate degree, receiving a Bachelor's of Science Degree in Business Management from Arizona State University in Tempe, Arizona in 1976.

Mr. Mike's employment history includes a position with the State of New Mexico from 1976 - 1977 as a Market Specialist, a position with the Navajo Agricultural Product Industry Council as Administrative Assistant from 1977 - 1978, and a Business Manager for the American Indian Engineering from 1978 - 1979.

In 1979 he began his career in the telecommunications industry with a position as Staff Assistant with CP National, a West Coast base holding company primarily for utility companies. In 1983 he was named acting Vice President with NCC Systems, Inc. a subsidiary of CP National that provided CATV and Radio Services to the Navajo Reservation. In 1984 this position was made permanent.

When ALLTEL Corporation acquired CP National, thus Navajo Communications Company in December of 1988, Mr. Mike was named General Manager of Navajo Communications Company (the company that provided telephone service) and NCC Systems, Inc. In 1992, Mr. Mike assumed the position of Vice President of NCC and NCCSI.

In his career with CP National, ALLTEL and CITIZENS, Mr. Mike was responsible for various activities at both Navajo Communications and NCCSI. He managed and supervised business office functions, outside plant operations, CATV and Two-way Radio operations.

Mr. Mike's current duties include representing Navajo Communications/CITIZENS with the public, the Navajo Nation, and interfacing with regulatory agencies as required. He also is responsible for negotiation of CATV franchises, contracts, and affiliate agreements.

Mr. Mike has interfaced with the Staff of the Arizona Corporate Commission, the New Mexico Corporate Commission and the Federal Communications Commission on behalf of Navajo Communications Company.